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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Financing of the United Nations Peacekeeping Force in Cyprus

Financial performance report for the period from 1 July 2006 to 30 June 2007 and proposed budget for the period from 1 July 2008 to 30 June 2009 of the United Nations Peacekeeping Force in Cyprus

Report of the Advisory Committee on Administrative and Budgetary Questions

Appropriation for 2006/07	$44,831,400
Expenditure for 2006/07	$47,347,900
Overexpenditure for 2006/07	($2,516,500)
Appropriation 2007/08	$46,587,400
Projected expenditure 2007/08[a]	$50,234,100
Estimated overexpenditure for 2007/08[a]	($3,646,700)
Proposal submitted by the Secretary-General for 2008/09	$54,943,000
Recommendation of the Advisory Committee for 2008/09	$54,851,100

[a] Estimates as at 31 March 2008 (see annex I).

* Reissued for technical reasons.

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I. Introduction

1. **The Advisory Committee on Administrative and Budgetary Questions recommends approval of the proposals of the Secretary-General for the United Nations Peacekeeping Force in Cyprus (UNFICYP) for the period from 1 July 2008 to 30 June 2009, subject to its observations in paragraphs 18 and 20 below.**

2. The general report of the Advisory Committee on the administrative and budgetary aspects of the United Nations peacekeeping operations (A/62/781) contains its views and recommendations on a number of cross-cutting issues. In the present report, the Committee deals with resources and other items that relate specifically to UNFICYP.

3. The documents reviewed and used for background by the Advisory Committee in its consideration of the financing of UNFICYP are listed at the end of the present report.

II. Financial performance report for the period from 1 July 2006 to 30 June 2007

4. By its resolution 60/270, the General Assembly appropriated an amount of $44,831,400 gross ($43,012,900 net) for the maintenance of the mission for the period from 1 July 2006 to 30 June 2007, inclusive of voluntary contributions from the Government of Cyprus in the amount of $14,915,300, equivalent to one third of the net cost of UNFICYP, and $6.5 million from the Government of Greece. An amount of $23,416,100 gross ($21,597,600 net) was assessed on Member States for the maintenance of UNFICYP for that period.

5. Expenditures for the period from 1 July 2006 to 30 June 2007 totalled $47,347,900, which is $2,516,500, or 5.6 per cent, higher than the appropriation of $44,831,400 (A/62/649, sect. III.A).

6. The mission's overexpenditures (ibid., sect. IV) were attributable mainly to increased requirements under:

(a) Military contingents ($1,219,200): the rotation of one contingent by commercial means owing to the unavailability of aircraft from the troop-contributing country;

(b) United Nations police ($129,100): an increase in the mission subsistence allowance effective 1 October 2006;

(c) International staff ($213,600): an increase in the post adjustment multiplier effective July 2006 compared to the budgeted multiplier in effect in August 2005, as well as higher expenditures related to the separation of two staff members and mission assignment costs for nine;

(d) National staff ($1,006,500): two revisions of the staff salary scale in September 2005 (increase by 2.1 per cent) and September 2006 (increase by 4.7 per cent), as well as the 6.5 per cent appreciation of the Cyprus pound against the United States dollar;

(e) Other supplies, services and equipment ($257,200): the unforeseen expenditure related to the UNFICYP share of the financing of the Procurement Task Force of the Office of Internal Oversight Services.

7. Partially offsetting those increases were underexpenditures under:

(a) General temporary assistance ($177,700): the non-utilization of the approved provisions for the Conduct and Discipline Team (1 P-5 and 1 national General Service) owing to the establishment of a Regional Conduct and Discipline Team at UNIFIL following its expansion in August 2006;

(b) Communications ($119,600): lower actual requirements for services, lower expenditures on telephone services as a result of favourable rates and lower requirements for spare parts for microwave links and facsimile machines;

(c) Information technology ($31,400): reduced procurement of equipment as well as the use of in-house resources for the maintenance and repair of equipment, offset in part by additional requirements for software packages for the development of the UNFICYP website.

III. Information on performance for the current period

8. The Advisory Committee was informed that a total of $339,362,000 had been assessed on Member States with respect to UNFICYP for the period from its inception to 15 June 2008. Payments received as at 31 January 2008 amounted to $311,967,000, leaving an outstanding balance of $27,395,000. As at 31 March, the cash position of the mission was $8,900,000. **The Committee notes that the mission's available cash balance will not cover the three-month operating reserve of $10,909,000 and that reimbursements to troop-contributing countries have not been possible since October 2006. The Committee once again expresses concern at the precarious financial situation of the mission resulting from unpaid assessments** (see A/61/852/Add.4, para. 9).

9. The Advisory Committee was also informed that troop cost reimbursement had been made to September 2006 and that the remaining balance owed for troop costs as at 31 December 2007 was $14,522,000. With regard to contingent-owned equipment, the Committee was informed that reimbursements had been made only to June 2006 and certified to September 2007 and that the remaining balance owed as at 31 December 2007 was $3,369,000. As at 31 March 2008, $1,487,000 had been paid for 280 claims for death and disability compensation since the inception of the mission; unliquidated obligations amounted to $110,000; and one claim remained outstanding.

10. The Advisory Committee was informed that, as at 31 March 2008, the incumbency of UNFICYP for the 2007/08 period was as follows:

Category	*Authorized*[a]	*Encumbered*	*Vacancy rate (percentage)*
Military contingent personnel	860	872	(1.4)
United Nations police	69	64	7.2
International staff	39	37	5.1
National staff	110	107	2.7

[a] Represents the highest authorized strength for the period.

11. The Advisory Committee was provided with the preliminary status of expenditures as at 31 March 2008 for the period from 1 July 2007 to 30 June 2008 (see annex I). As at 31 March, expenditures amounted to $43,244,200 and the projected expenditures for the period from 1 April to 30 June 2008 are estimated at $6,989,900. At the end of the current financial period, the estimated total expenditures of $50,234,100 would result in an overexpenditure of $3,646,700 against the appropriation of $46,587,400 approved by the General Assembly in its resolution 61/280.

12. Information with respect to the unforeseen additional requirements for the current period is contained in paragraphs 2 to 9 of the note by the Secretary-General on financing arrangements for the mission (A/62/779). These include:

(a) $907,000, attributable to the revision in the support arrangements for military staff officers who received mission subsistence allowance in lieu of standard reimbursements to troop-contributing countries for troop costs, effective 1 July 2007, pursuant to General Assembly resolution 61/276;

(b) $1,572,400, attributable to the change in the support arrangements for the United Nations police officers who received full provision of mission subsistence allowance to cover accommodation and food, effective 1 September 2007;

(c) $817,300 for national staff, as a result of the revised salary scale effective 1 January 2008;

(d) $216,900 under facilities and infrastructure, attributable to increased costs for utilities and maintenance services provided by local contractors as a result of exchange rate fluctuations;

(e) $513,000 under ground transportation, as a consequence of increased costs for the acquisition of a water truck, the urgent replacement of a sewage truck and the higher cost of fuel.

IV. Proposed budget for the period from 1 July 2008 to 30 June 2009

A. Mandate and planned results

13. The mandate of UNFICYP was established by the Security Council in its resolution 186 (1964). By its resolution 1789 (2007), the Council extended the mandate of the mission until 15 June 2008.

B. Resource requirements

14. The proposed budget for UNFICYP for 2008/09 amounts to $54,943,000, representing an increase of $8,355,600, or 17.9 per cent, in gross terms, in comparison with the appropriation of $46,587,400 for 2007/08. Analysis of variances is contained in section III of the proposed budget (A/62/718).

1. Military and civilian police personnel

Category	*Approved 2007/08*	*Proposed 2008/09*	*Variance*
Military contingents	834	834	—
United Nations police	62	62	—

15. The proposed budget for military and police personnel for the period from 1 July 2008 to 30 June 2009 amounts to $24,227,900, an increase of $4,177,300, or 20.8 per cent, compared to the appropriation for 2007/08. This amount includes $2,425,000 (an increase of 12.8 per cent) for military personnel and $1,752,300 (an increase of 152.3 per cent) for United Nations police. The increased requirements are attributable mainly to changes in the support arrangements for military staff officers and police officers (see para. 12 above). The Advisory Committee notes that no change is proposed in the currently approved complement of military and police personnel. A 1 per cent vacancy factor has been applied to the cost estimates for military personnel and 5 per cent for police personnel.

2. Civilian personnel

Category	*Approved 2007/08*	*Proposed 2008/09*	*Variance*
International staff	39	40	1
National staff	110	113	3

16. The proposed budget for civilian personnel for the period from 1 July 2008 to 30 June 2009 amounts to $14,656,000, an increase of $1,955,700, or 15.4 per cent. The increased requirements are attributable mainly to:

(a) The proposed establishment of four posts, a Senior Legal Adviser (P-5) under component 1, political and civil affairs, and three national General Service posts in the Mission Support Division under component 4, support;

(b) The proposed upward reclassification of three posts, one under component 1 and two under component 4;

(c) The revision of the salary scale for national staff effective 1 January 2008, which also reflects the shift from the Cyprus pound to the euro using the fixed conversion rate of £C 0.585:€1.

The estimates also reflect the application of vacancy factors of 5 per cent for international staff and 2 per cent for national staff. The Secretary-General also proposes the redeployment of two posts within component 1.

Recommendation on posts

17. For a summary of the staffing changes proposed for UNFICYP for the 2008/09 period, including redeployments and reclassifications, see annex II.

18. With respect to the proposal for the establishment of a post for a Senior Legal Adviser (P-5) (A/62/718, para. 9), the Advisory Committee was informed that the need for the post related to a number of issues inside the United Nations-administered buffer zone, including property and security issues and the applicability of the European Union *acquis communautaire*. The Committee was also informed that the mission had been utilizing the services of a military officer for the provision of legal advice. The Committee was further informed that since the officer was scheduled to leave the mission in August 2008, the establishment of a post for a Senior Legal Officer would be required to carry out the function. **The Committee agrees that provision should be made for legal advice for the mission but considers that the envisaged functions can be performed adequately at the P-4 level, with complex legal issues being referred, as appropriate, to the Office of Legal Affairs.**

19. As indicated in paragraphs 18 to 20 of the proposed budget, three new national General Service posts are proposed: (a) a Heating, Ventilation and Air-conditioning Technician; (b) a Transport Technical Assistant; and (c) a Health, Safety and Environmental Assistant. **The Advisory Committee recommends approval of those new posts.**

20. Concerning the proposed upward reclassification of three posts (A/62/718, paras. 11, 16 and 17), the Advisory Committee notes that the UNFICYP mandate has remained stable since the inception of the mission in 1964. **The Committee does not consider that the upward reclassifications are required at this time and therefore does not agree with the proposed upward reclassifications.**

21. It is also proposed that two posts for Information Assistants (national General Service) be redeployed to the Office of the Spokesperson from the Civil Affairs Branch within component 1 (ibid., paras. 10 and 12). **The Advisory Committee has no objection to this proposal.**

3. Operational costs

(United States dollars)

Apportioned 2007/08	*Proposed 2008/09*	*Variance*
13 836 500	16 059 100	2 222 600

22. The estimated operational requirements for the period from 1 July 2008 to 30 June 2009 reflect an increase of $2,222,600, or 16.1 per cent, in comparison with the appropriation for 2007/08. Major factors contributing to the increase are indicated below.

Official travel

23. An increase of $117,800, or 43.7 per cent, is proposed for additional meetings in which the participation of senior personnel would be required and for costs related to the participation of a staff member in an exchange programme with

Headquarters. **The Advisory Committee acknowledges the importance of travel for functional reasons; it is also of the view that, wherever possible, videoconferencing and other electronic means of communication should be utilized. The Committee recommends that travel expenses be closely monitored.**

Facilities and infrastructure

24. An increase of $1,274,400, or 19.5 per cent, is estimated for: (a) additional prefabricated office units to replace asbestos-contaminated containers; (b) the replacement of refrigeration equipment to ensure compliance with the applicable European Union standards; (c) the acquisition of air conditioners; and (d) requirements for the disposal of solid waste in situ, which has been deferred since the period 2006/07 pending the results of planned environmental assessments.

25. Upon enquiry, the Advisory Committee was informed that the proposed disposal project was for clearing an area of approximately 30,000 cubic metres of solid waste. The close proximity of the area to the sources of the water supply poses a potential environmental and health hazard. The project was postponed, as the amount allocated for the disposal of waste materials in this area for the period 2006/07 was insufficient. The mission had consulted with the Government, which had proposed that the waste be buried in situ. The Government required UNFICYP to carry out two assessments in order to grant a licence for this project. It is expected that the licence will be obtained during 2008/09.

Ground transportation

26. An increase of $505,500, or 16.6 per cent, is budgeted for: (a) the replacement of material-handling equipment and (b) the increased cost of repairs and maintenance of rented vehicles owing to fluctuations in the exchange rate. The Advisory Committee was informed that additional requirements also included the replacement of a water truck required to distribute water to the troops.

Communications

27. The proposed increase of $67,700, or 7.1 per cent, is for increased transponder charges and higher requirements for a follow-up survey on local communities' perception of the role of UNFICYP.

Information technology

28. An increase of $149,300, or 24.6 per cent, required for fibre-optic cabling and server racks is related to compliance with the minimum operating security standards. The Advisory Committee was informed that those requirements were necessary for the relocation of the disaster recovery and business continuity site.

Special equipment

29. The increased requirement of $5,800, or 50.4 per cent, is for night-vision observation equipment to enhance operational effectiveness during night patrols. Upon enquiry, the Advisory Committee was informed that this reflected the budgeted acquisition of five additional night-vision goggles that would permit the patrols to operate more effectively in the buffer zone.

Other supplies, services and equipment

30. The estimated increase of $85,500, or 17 per cent, is for the acquisition of photographic equipment for special investigations by the Military Police Unit, which are partly offset by reduced requirements for training fees, supplies and services.

4. Other

Training

31. The Advisory Committee was informed that the peacekeeping and special political missions in the area (the United Nations Interim Force in Lebanon, the United Nations Disengagement Observer Force, UNFICYP, the United Nations Truce Supervision Organization, the Office of the United Nations Special Coordinator for Lebanon and the International Independent Investigation Commission) shared training resources and expertise and coordinated their training programmes to optimize regional participation. In that connection, information on the training plans and related requirements proposed for the mission for 2008/09 are contained in paragraphs 29 to 32 of the proposed budget (A/62/718). The Committee also commented on training in paragraphs 79 to 83 of its general report (A/62/781). **The Committee welcomes the existing regional cooperation and trusts that it will continue in future.**

Recommendations of the Board of Auditors

32. The Advisory Committee notes the comments of the Board of Auditors on UNFICYP (A/62/718, sect. V.C) and **requests that the recommendations of the Board be implemented in a timely manner.**

V. Conclusion

33. The action to be taken by the General Assembly in connection with the financing of UNFICYP for the period from 1 July 2006 to 30 June 2007 is indicated in paragraph 16 of the performance report (A/62/649). **The Advisory Committee recommends that the Assembly appropriate and assess an additional amount of $2,516,500 for the maintenance of the Force with respect to 2006/07. The Committee also recommends that other income and adjustments in the amount of $1,212,700 be credited to Member States in a manner to be determined by the Assembly.**

34. The action to be taken by the General Assembly in connection with the financing of UNFICYP for the period from 1 July 2007 to 30 June 2008 is indicated in paragraph 12 of the note by the Secretary-General on financing arrangements (A/62/779). **Taking into account its observations above, the Advisory Committee recommends that the Assembly appropriate an additional amount of $3,646,500 for the maintenance of the Force for 2007/08.**

35. The action to be taken by the General Assembly in connection with the financing of UNFICYP for the period from 1 July 2008 to 30 June 2009 is indicated in paragraph 46 of the proposed budget (A/62/718). **The Advisory Committee recommends that, should the Security Council decide to continue the mandate of UNFICYP, the Assembly appropriate an amount of $54,851,100 for the maintenance of the Force for the period from 1 July 2008 to 30 June 2009, in accordance with its recommendations in paragraphs 18 and 20 above.**

Documentation

- Performance report on the budget of the United Nations Peacekeeping Force in Cyprus for the period from 1 July 2006 to 30 June 2007 (A/62/649)
- Budget for the United Nations Peacekeeping Force in Cyprus for the period from 1 July 2008 to 30 June 2009 (A/62/718 and Corr.1)
- Financial arrangements for the United Nations Peacekeeping Force in Cyprus for the period from 1 July 2007 to 30 June 2008 (A/62/779)
- Report of the Advisory Committee on Administrative and Budgetary Questions on the administrative and budgetary aspects of the financing of the United Nations peacekeeping operations (A/62/781)
- Report of the Advisory Committee on Administrative and Budgetary Questions on the financial performance report for the period from 1 July 2005 to 30 June 2006 and proposed budget for the period from 1 July 2007 to 30 June 2008 of the United Nations Peacekeeping Force in Cyprus (A/61/852/Add.4)
- Report of the Secretary-General on the United Nations operation in Cyprus (S/2007/699 and Corr.1)
- General Assembly resolution 61/280 on the financing of the United Nations Peacekeeping Force in Cyprus
- Security Council resolutions 186 (1964) and 1789 (2007)

Annex I

Current and projected expenditures of the United Nations Peacekeeping Force in Cyprus for the period from 1 July 2007 to 30 June 2008

(Thousands of United States dollars)

	1 July 2007 to 31 March 2008			*Projected to 30 June 2007*				
	Apportionment (1)	*Total expenditure (2)*	*Unencumbered balance (3)=(1)-(2)*	*Projected expenditure 1 April to 30 June 2008 (4)*	*Total expenditure, including projected (5)=(2)+(4)*	*Estimated unencumbered balance (6)=(1)-(5)*	*Variance (percentage) (7)=(6)÷(1)*	*Reasons for variance*
Military and police personnel								
Military observers	—	—	—	—	—	—	—	
Military contingents	18 900.0	18 626.5	273.5	1 180.5	19 807.0	(907.0)	(4.8)	Change in support arrangements for military staff officers
United Nations police	1 150.6	1 677.5	(526.9)	1 045.5	2 723.0	(1 572.4)	(136.7)	Increase in mission subsistence allowance from £C 19 to £C 81 per person per day
Subtotal	**20 050.6**	**20 304.0**	**(253.4)**	**2 226.0**	**22 530.0**	**(2 479.4)**	**(12.4)**	
Civilian personnel								
International staff	6 019.6	4 448.0	1 571.6	1 468.3	5 916.3	103.3	1.7	Delay in recruitment for three posts
National staff	6 601.7	5 440.9	1 160.8	1 978.1	7 419.0	(817.3)	(12.4)	Appreciation of the Cyprus pound against the United States dollar from the budgeted £C 0.474:$1 to actual £C 0.411:$1, revision of currency of national salary scale to euro based on fixed conversion rate of €0.585:$1
General temporary assistance	79.0	66.7	12.3	12.3	79.0	—	—	
Subtotal	**12 700.3**	**9 955.6**	**2 744.7**	**3 458.7**	**13 414.3**	**(714.0)**	**(5.6)**	
Operational costs								
Government-provided personnel	—	—	—	—	—	—	—	
Civilian electoral observers	—	—	—	—	—	—	—	
Consultants	—	—	—	—	—	—	—	
Official travel	269.5	130.6	138.9	17.9	148.5	121.0	44.9	Reduced requirements related to travel for political consultations not undertaken as planned

	1 July 2007 to 31 March 2008			Projected to 30 June 2007				
	Apportionment (1)	*Total expenditure (2)*	*Unencumbered balance (3)=(1)-(2)*	*Projected expenditure 1 April to 30 June 2008 (4)*	*Total expenditure, including projected (5)=(2)+(4)*	*Estimated unencumbered balance (6)=(1)-(5)*	*Variance (percentage) (7)=(6)÷(1)*	*Reasons for variance*
Facilities and infrastructure	6 547.3	5 768.2	779.1	996.0	6 764.2	(216.9)	(3.3)	Appreciation of the Cyprus pound against the United States dollar resulting in increased cost of catering, waste disposal and cleaning services
Ground transportation	3 047.9	3 587.0	(539.1)	(26.1)	3 560.9	(513.0)	(16.8)	Appreciation of the Cyprus pound against the United States dollar, increased cost of a water truck, immediate requirement of replacement sewage truck and increased cost of fuel
Air transportation	1 589.1	1 570.6	18.5	(22.1)	1 548.5	40.6	2.6	Decrease in insurance costs partly offset by increase in cost of fuel
Naval transportation	—	—	—	—	—	—	—	
Communications	958.5	784.8	173.7	151.2	936.0	22.5	2.3	Reduced costs of maintenance and spare parts
Information technology	606.0	513.3	92.7	35.5	548.8	57.2	9.4	Lower cost of equipment procured
Medical	304.8	241.8	63.0	64.1	305.9	(1.1)	(0.4)	Increased cost of medical services partly offset by decrease for medical supplies
Special equipment	11.5	11.5	—	(3.5)	8.0	3.5	30.4	Lower cost of equipment procured
Other supplies, services and equipment	501.9	376.8	125.1	92.2	469.0	32.9	6.6	Reduced cost for foreign, third-party claims and uniforms
Subtotal	**13 836.5**	**12 984.6**	**851.9**	**1 305.2**	**14 289.8**	**(453.3)**	**(3.3)**	
Gross requirements	**46 587.4**	**43 244.2**	**3 343.2**	**6 989.9**	**50 234.1**	**(3 646.7)**	**(7.8)**	
Staff assessment income	1 998.3	1 256.0	742.3	503.8	1 759.8	238.5	11.9	
Net requirements	**44 589.1**	**41 988.2**	**2 600.9**	**6 486.1**	**48 474.3**	**(3 885.2)**	**(8.7)**	
Voluntary contributions in kind (budgeted)	1 471.0	183.4	1 287.6	1 287.6	1 471.0	—	—	
Total requirements	**48 058.4**	**43 427.6**	**4 630.8**	**8 277.5**	**51 705.1**	**(3 646.7)**	**(7.6)**	

Annex II

Summary of proposed changes in staffing for the period from 1 July 2008 to 30 June 2009

Office/Section/Unit	*Number*	*Level*	*Description*
Component 1			
Office of the Senior Adviser	+1	P-5	Senior Legal Adviser
Civil Affairs Branch	-2	National General Service	Information Assistants redeployed to the Office of the Spokesperson
Office of the Spokesperson	+2	National General Service	Information Assistants redeployed from the Civil Affairs Branch
Component 4			
Security Section	-1	P-3	Post of Chief Security Officer reclassified to P-4
Integrated Support Services	+1	P-4	Post of Chief Security Officer reclassified from P-3
	-1	Field Service	Post of Chief reclassified to P-5
	+1	P-5	Post of Chief reclassified from Field Service
	+3	National General Service	Heating, Ventilation and Air-Conditioning Technician, Transport Technical Assistant and Health, Safety and Environment Assistant
Total			
International	+1		
National	+3		
	+4		